



DEPARTMENT OF THE NAVY
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RESEARCH, DEVELOPMENT AND ACQUISITION
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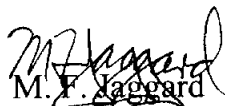
MEMORANDUM FOR DISTRIBUTION

Subj: CONSIDERATION OF FUNDING ALTERNATIVES IN DEVELOPING
ACQUISITION STRATEGIES

A recent DoDIG audit report concluded that a Navy contracting office might have avoided the need to award sole source contracts to meet urgent requirements if it had considered alternative funding arrangements that would have supported earlier award of a competitive contract. Based on this conclusion, the DoDIG recommended, "Navy issue a written policy reminder that states that adequate acquisition planning must consider and document funding alternatives that will facilitate use of competition to the maximum extent possible."

We do not agree with the report's conclusion in this particular case, or with the wording of the DoDIG recommended statement. However, acquisition officials do have an affirmative responsibility to proactively promote the use of competition. With respect to the specific issue raised by the DoDIG, there may be circumstances where an alternative funding approach would make it feasible to pursue competition that would otherwise not be practicable. For example, agreeing to fund modest upfront efforts to militarize a commercial product or to test a new product might be enough to convert a planned sole source procurement into a competitive one. In other cases where additional known requirements exist, identifying funding that would allow for an increase in contract quantities might also make competition feasible.

Therefore, consistent with the nature of the requirement and the potential sources, acquisition personnel should proactively explore whether there are acceptable changes in technical, performance, or delivery requirements, or in the amount, source, or timing of available funds that would facilitate competition. In appropriate cases, these efforts to acquire the requirement competitively should be reflected in required acquisition planning documents.


M. F. Jaggard
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Enclosure (1)

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